

**Meeting of the Suffolk Tobacco Asset Securitization Corporation
(STASC)
February 26, 2016**

Minutes

Attendees: Jon Schneider, Chairman and President, STASC; Lora Gellerstein, Treasurer & Secretary, STASC; Connie Corso, ex-officio STASC Member and County Budget Director; Colleen Capece, County Special Projects Coordinator; Phyllis Seidman, Bureau Chief, Suffolk County Department of Law; and Brian Petersen, Albrecht, Viggiano, Zureck & Company, PC.

Minutes Approved: The minutes from the December 21, 2015 meeting were approved. J. Schneider made the motion, L. Gellerstein seconded. Minutes unanimously approved.

Discussion regarding 2015 financial statements: Discussion was led by B. Peterson. He reviewed the status of the major funds and the implications of GASB 48. He noted that interest on investments has been declining as funds are utilized from the 2008 debt service reserve fund to pay debt service on the 2008 bonds. He explained the relationship between the 2008 residual trust and the 2012 securitization. He noted that since TSRs are not coming in as predicted at the time of the 2008 securitization, the 2008 deficit will continue to grow. Funds will continue to be transferred from the 2008 Liquidity Reserve Account to meet interest payment obligations. Once the funds in the 2008 Liquidity Reserve Account are depleted, there will be no funds available for debt service on the 2008 bonds.

Discussion regarding receipt of funds from the Disputed Payments Account: Discussion was led by B. Peterson. Initially, the funds received by New York State were estimated to be \$550 million, with approximately \$14.7 million to be received by Suffolk County. However, due to the treatment of certain credits, the estimate for receipt by New York State has been adjusted to \$717m. To date, no guidance has been received with respect to which years the amounts pertain. This information is critical to Suffolk County as only certain years were pledged in the 2012 securitization.

Motion to accept 2015 financial statements: The motion to accept the 2015 financial statements was made by L. Gellerstein, J. Schneider seconded. Motion unanimously approved.

Discussion regarding awarding a contract for 2015 auditing services: Discussion was led by P. Seidman. It was noted that Ernst & Young had declined serving as the STASC auditors for the 2015 financial statements. Due to its special expertise, Deloitte & Touche was contacted to provide a proposal for services. It was noted that Deloitte will serve as the County's new auditors and, as such, would retain certain knowledge which would make it beneficial and cost effective for Deloitte to serve as STASC auditors. Also, the fee proposed by Deloitte was materially within that included in the STASC 2016 operating budget.

Motion to Approve Engagement Letter for Auditing Services: The motion to authorize all steps necessary to contract for auditing services for the 2015 financial statements was made by J. Schneider, L. Gellerstein seconded. Motion unanimously approved.

Adjourn: Motion to adjourn was made by J. Schneider, L. Gellerstein, seconded. The motion was unanimously approved.